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FISCAL IMPACT STATEMENT

LS 7049

BILL NUMBER: HB 1765

NOTE PREPARED: Apr 29, 2005

BILL AMENDED: Apr 28, 2005

SUBJECT: Off-Road Vehicles and Hunting and Fishing Stamps.

FIRST AUTHOR: Rep. Hoffman

FIRST SPONSOR: Sen. Weatherwax

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: *Motorized Carts.* This bill requires the Department of Natural Resources (DNR) to adopt rules to allow the use of certain motorized carts during daylight hours by an individual who holds a driver's license and is at least 65 years of age or disabled.

Off-Road Vehicles. The bill specifies that for purposes of the law regulating off-road vehicles and snowmobiles, the definition of "operate" applies to both types of vehicles. It also specifies that snowmobiles must be registered under the off-road vehicle and snowmobile law. The bill makes possessing an off-road vehicle or snowmobile with an altered or defaced vehicle number a Class B misdemeanor. It makes failure of a dealer to maintain rented vehicles in a safe operating condition or to maintain liability insurance a Class C infraction (instead of a Class B misdemeanor). The bill repeals and relocates the definition of "off-road vehicle".

Hunting and Fishing Licenses The bill also allows bird hunting stamps in an electronically generated form. It allows commemorative bird hunting stamps to be sold, and it provides that hunting and fishing licenses and stamps expire on March 31. The bill requires electronically obtained licenses to be signed to be valid. It amends procedures to obtain a duplicate license.

Lifetime Licenses. The bill discontinues issuance of lifetime hunting, fishing, and trapping licenses, but retains the validity of lifetime licenses already issued.

Pest Control Compact. The bill establishes procedures to obtain funds from the Pest Control Insurance Fund.

Groundhog Exemption. The bill repeals a provision exempting groundhogs from application of state fish and wildlife laws. Makes conforming amendments. (The introduced version of this bill was prepared by the Natural Resources Study Committee.)

Effective Date: Upon Passage; July 1, 2005.

Explanation of State Expenditures: *Hunting and Fishing Licenses.* The bill extends the expiration date of the yearly hunting, fishing, migratory waterfowl stamp, and game bird hunting license from the last day in February to March 31. Currently, there are different expiration dates for the different licenses and stamps. This change will make the certification of license holders easier for reporting for federal aid purposes and make the accounting of revenue from licences easier to manage. Under the bill, there would be one 12-month period for all licenses. In the first year, the licenses will be good for a longer period of time. However, extending the expiration date to March 31 would probably not generate a significant number of additional sales given that March is poor fishing weather for many.

Equipment for Local Vendors. Under the proposal, the DNR may furnish the clerks and agents with all necessary equipment needed to issue a license. This change is proposed in order to accommodate the new DNR Point-of-Sale Automated License Purchasing System, which is a web-based, point-of-sale purchasing system for DNR licenses. The DNR has already provided existing vendors equipment free of charge; new vendors must provide a damage deposit. Local equipment costs were \$870 per installation. All vendors who wanted the system were operational in December 2004. The only paper licenses that will be issued will be those offered by charter boat captains who can sell one-day fishing licenses on paper if they do not have phone lines able to connect with the automated system. All stamps will still be available printed; however, electronic stamps will also be available at the point of sale. These provisions should have no additional impact on the DNR.

Duplicate Licenses. Under existing law, the DNR may issue a duplicate license to replace a lost license issued to an Indiana resident. An application for a duplicate license must meet the following conditions:

- (1) Be in writing on a form prescribed by the DNR.
- (2) State that the applicant had been issued a license.
- (3) State that the license was lost.
- (4) Be signed by the applicant.
- (5) Be accompanied by a fee equal to ½ the cost of the lost license.
- (6) Be submitted to the division office in Indianapolis.
- (7) State that the applicant is an Indiana resident.

Under the bill, the DNR may issue a duplicate license to replace a lost license issued to an Indiana resident if the application is signed by the applicant and accompanied by a fee established by the Natural Resources Commission. This provision will reduce administrative expenses associated with providing a duplicate license to the extent that less documentation is involved which could reduce the time and correspondence involved in completing the application. Additionally, duplicate licenses could be purchased through the point-of-sale automated system at a reduced cost to the DNR.

Lifetime Licenses. The DNR will experience an increase in administrative expenses associated with discontinuing lifetime licenses; however, revenue that could be generated by the discontinuation of lifetime licenses could cover the costs of additional administrative expenses.

Motorized Carts. With respect to the adoption of rules, requiring the DNR to adopt rules will increase

administrative expenses for the DNR. However, the DNR should be able to cover any costs associated with adopting rules given its current budget and resources.

The bill provides that a motorized cart is smaller than the types of motorized vehicles required to be registered by the Bureau of Motor Vehicles. With respect to allowing motorized carts in state parks and in recreation areas, currently the DNR allows some motorized carts in some camp grounds in state parks. The proposal would allow carts on roads within the parks or recreational areas. The roads within the DNR properties are generally like public roads; however, the roads inside the parks generally have no shoulders. Given the terrain in some state parks and recreation areas, it is possible that additional railings and other protective additions may have to be installed.

Requiring the DNR to allow motorized vehicles for certain individuals could also increase administrative expenses associated with enforcement efforts to the extent that the DNR would have to ascertain that the driver of the cart qualifies by verifying age and disability and motor vehicle license. The DNR should be able to cover any costs associated with this provision given its current budget and resources or by reallocating current resources.

The DNR Division of Law Enforcement is funded from the state General Fund and the Fish and Wildlife Fund.

Pest Control Compact. This bill provides that the state will join the Pest Control Compact for the purpose of cooperative pest eradication and control. To join, Indiana must pay a one-time fee of \$33,342. However, this expense can be paid over a six-year period, which would result in an annual payment of \$5,557. The Department of Natural Resources (DNR) has identified a source for the funding from within the DNR, so no additional appropriation would be needed.

The bill establishes the Pest Control Insurance Fund to finance other than normal pest control operations that states may be called upon to engage in under the compact. The fund consists of money appropriated to the fund by party states and any donations and grants accepted by the fund. As of March 2004, 35 states belong to the compact. Since the first claim in 1969, the Pest Control Insurance Fund has awarded over \$884,000 through 26 claims to party and non-party states. Assets have not been depleted to a level whereby the insurance fund was not functional. Total assets available as of June 30, 2003, were \$1,079,512.

A governing board and executive committee administer the fund. The board may appoint an executive director and other personnel and fix duties and compensation. The board must provide for the bonding of employees of the fund. The board must report annually to member states the fund's activities for the preceding year. The board must meet at least once each year to supervise expenditures from the fund. Each party state must have a compact administrator to represent the state on the board. The Commissioner of Agriculture or designee must serve as compact administrator for Indiana. The board may establish advisory committees.

The executive committee consists of the chair of the board and four additional members chosen by the board so that one member represents each of four geographic groupings of party states. Necessary expenses of each of the five members of the executive committee incurred in attending meetings, when not held at the same time and place as a meeting of the governing board, will be charged against the fund.

To apply for expenditures from the fund, a state must submit a statement of the circumstances that occasion the request; evidence that the pest or pathogen constitutes a danger to an agricultural or a forest crop, product, tree, shrub, grass, or other plant having a substantial value to the state; proof of the extent of expenditures

budgeted for eradication, control, or prevention of the pest or pathogen. The board or executive committee must give notice to the administrator of meetings at which an application for assistance is to be considered. Before authorizing an expenditure, the fund must ascertain if timely federal assistance is available. If a requesting state is dissatisfied with a determination of the executive committee, the state is entitled to receive a review of the determination.

The fund must submit to each state a budget for the fund as may be required for a presentation to the state's legislature. The budget must contain recommendations of the amounts to be appropriated by each of the party states. The request for appropriations must be apportioned among the party states as follows:

- (1) One-tenth of the total budget in equal shares.
- (2) The remainder in proportion to the value of agricultural and forest crops and products, excluding animals and animal products, produced in each party state.

The fund must not pledge the credit of any party state. The fund must not incur any obligation before the allotment by the party states adequate to meet the obligation. A party state may withdraw from the compact by enacting a statute repealing the law enacting the compact, but a withdrawal does not take effect until two years after.

Groundhog Exemption. Under existing law, the DNR has no oversight responsibilities for groundhogs. The proposal would give the DNR such responsibilities. Currently, poachers can claim to be hunting groundhogs without oversight by the DNR. Also, under existing law, the DNR would not be able to take action in the case of groundhog overpopulation or in case of a contagious disease that was carried by or infecting groundhogs. If given the proposed responsibilities, the DNR would be able to assume these responsibilities given its current budget. The DNR Fish and Wildlife Division is funded with General Fund revenue as well as revenue from the Fish and Wildlife Fund.

Explanation of State Revenues: Off-Road Vehicles: Under current law, the penalty for violation of sections concerning off-road vehicles is a Class C infraction. However, there are four exceptions to this general penalty that result in a Class B misdemeanor. The bill would change three of the exceptions by:

- (1) Increasing the penalty for possessing an off-road vehicle or snowmobile with an altered or defaced vehicle number from a Class C infraction to a Class B misdemeanor.
- (2) Reducing the penalty for a dealer failing to maintain rented vehicles in a safe operating condition or maintain liability insurance from a Class B misdemeanor to a Class C infraction.
- (3) Increasing the penalty for operating an off-road vehicle at a rate of speed greater than is reasonable and having due regard for existing conditions or in a manner that unnecessarily endangers the person or property of another.

There are no data available to indicate whether these changes would increase or decrease the number of Class B misdemeanors or Class C infraction judgements occurring each year.

Currently, the maximum judgment for a Class B misdemeanor is \$1,000, and a Class C infraction judgement is \$500. Fines from misdemeanors are deposited in the Common School Fund, while infraction judgments are deposited in the state General Fund.

Also, court fees may be affected by the changes. A misdemeanor court fee is \$120, while the court fee for an infraction is \$70. The state receives 70% of the court fee that is assessed when a guilty verdict is entered and the fee is collected in a court of record and 55% if a case is filed in a city or town court.

Hunting and Fishing Stamps: The bill allows the DNR to create and sell commemorative migratory waterfowl stamps and commemorative game bird habitat restoration stamps. The additional revenue that will be generated by these provisions is unknown.

The bill also allows the DNR to offer an electronically generated version of the existing migratory or game bird stamp. These provisions will allow the stamps to be offered by all vendors using the automated web-based point-of-sale license system. The provision could result in additional stamp sales. The impact is indeterminable.

Background on Hunting and Fishing Licenses and Stamps: Over 957,000 DNR licenses and stamps were sold in 2004, generating over \$14.6M. Hunting and fishing license revenue is generally deposited in the Fish and Wildlife Fund, which is used to finance the operations of the Divisions of Fish and Wildlife and Law Enforcement. A portion of deer hunting license fee is deposited into the Deer Research Fund. Proceeds from the migratory waterfowl stamp are used for development of waterfowl propagation areas; for the acquisition or development of wetlands in Indiana, or to participate in the joint funding of North American waterfowl management plans. The game bird habitat restoration stamp fee is deposited in the Game Bird Habitat Restoration Fund.

Agents independent of the DNR who sell licenses can retain \$0.75 for each license sold. If the agent is a DNR state park, the state park can retain the \$0.75. Currently, six clerks of the circuit court sell licenses.

Duplicate Licenses. Under existing law, the DNR may issue a duplicate license at a fee equal to ½ the cost of the lost license. The bill provides that the application for a duplicate license must be accompanied by a fee established by the Natural Resources Commission. The DNR sells about 50 duplicate licenses each year. The provision should not have a significant impact on revenue generated by duplicate fees. It is possible that the Commission could reduce costs because less administrative expense is involved in offering the duplicate through the automated system.

Lifetime Licenses. The fee for a comprehensive lifetime hunting and fishing license is \$1,154. IC 14-22-12-7 provides that all money received for this license must be deposited in the Lifetime License Trust Fund (LLTF). IC 14-22-4-6 provides that all accumulated earnings in the LLTF plus 2.5% of the money in the fund must be transferred to the Fish and Wildlife Fund (FWF) to maintain the automated point-of-sale licensing system and to pay the operational expenses of the Divisions of Fish and Wildlife and Law Enforcement.

Based on the sale of one lifetime license at \$1,154, the Divisions of Law Enforcement and Fish and Wildlife could receive 2.5%, or approximately \$29 plus approximately \$11 in interest, for a total of \$40. If an individual purchased an annual license for hunting and fishing at \$20.75, turkey hunting at \$23, a game bird habitat stamp at \$6.75, a deer firearms license at \$24, and a deer muzzle loader license at \$24, the total license revenue collected, or \$122.50, would be deposited in the FWF to finance the operations of the Divisions of Law Enforcement and Fish and Wildlife. Under the bill, up to an additional \$82 per individual could be deposited in the FWF if the sale of lifetime licenses was replaced with an annual sale.

Lifetime hunting and fishing licenses and the LLTF were authorized in 1983. DNR has sold over 42,000 lifetime licenses. In 2001, 1,547 lifetime licenses were sold. In 2002, over 21,000 were sold after a fee increase

was passed by the Natural Resources Commission in 2001. In 2002, the number of deer licenses sold declined by 41% , and the number of hunting licenses declined by 29%. (In 2002, 579 lifetime licenses were sold. In 2003, 668 licenses were sold.) The lifetime license fee is the annual license fee multiplied by 20. Use of a lifetime license beyond 20 years could result in less revenue generated relative to annual purchases. With respect to inflation, in 1983, a basic annual license was \$120. In 2004, a basic license costs \$285. A license fee of about \$220 in 2003 would have kept pace with inflation, based on the Consumer Price Index of all goods and services purchased for consumption by urban households.

The LLTF balance was \$14.5M at the beginning of FY2004. An amount of \$4.8M was transferred for the development and implementation of a fish and wildlife automated sport licensing system. The interest accrued to the LLTF and 2.5% of its principle is transferred annually to the FWF. The 2003 LLTF transfer to the Fish and Wildlife Division was \$576,899.

Pest Control Compact. The Commissioner of Agriculture may request assistance from the fund whenever the Commissioner believes the conditions qualifying Indiana for assistance exist. States required to undertake or increase measures under the compact may receive money from the fund when the state incurs expenditures or as reimbursement for expenses. The department, agency, or officer liable for an expenditure will have credited to the entity's account, in the state treasury, payments made to defray the costs.

The fund may borrow, accept, or contract for the services of personnel from any state, the United States, or any other governmental agency or from any person, firm, association, or corporation. The fund may accept donations, grants, equipment, supplies, materials, and services.

Explanation of Local Expenditures: *Off-Road Vehicles:* A Class B misdemeanor is punishable by up to 180 days in jail, while a Class C infraction results in a fine with no jail time. The average daily cost of housing a prisoner in jail is roughly \$44.

Hunting Stamps: Providing that the DNR may furnish the clerks of the circuit court with an electronically generated form of existing migratory fowl or game bird stamps could decrease administrative costs for the clerks by an indeterminable amount.

Pest Control Compact. The proposal could reduce local expenditures for pest eradication or control. The impact, however, would depend on the number and nature of pest infestations and current practices to control such infestations.

Groundhog Exemption. If the DNR gained oversight over groundhogs, the DNR could take action or assist local units in case of disease or overpopulation which could reduce local expenditures.

Explanation of Local Revenues: *Off-Road Vehicles:* The county general fund would receive 27% of the Class B misdemeanor court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

Hunting Stamps: The bill provides that the DNR may create and sell commemorative game bird habitat restoration stamps. Clerks of the circuit court may be able to sell commemorative stamps, which could increase the revenue from the \$0.75 per stamp that the clerks can retain. The proposal also provides that the DNR may

furnish the clerks with an electronically generated form of existing stamps, which could also increase sales. The specific impact is indeterminable.

State Agencies Affected: DNR; Commissioner of Agriculture; Department of Correction.

Local Agencies Affected: Entities that oversee pest infestations or involved in the control of wildlife; Trial courts, local law enforcement agencies, clerks of the circuit court.

Information Sources: Matt Hopper, DNR Director of Legislative and Community Relations; Lt. Col. Jeff Wells, Division of Law Enforcement, DNR; John Ryan, DNR Director of Internal Audit; Marti Mitchell, Access Indiana; Scott Manos, DNR Project Manager; Indiana Sheriffs' Association; Glenn Lange, Chief of Wildlife, DNR; Greg McCollam, Division of Fish and Wildlife, DNR, 317-232-4091.

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